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18 November 1987

Linda
File
OP New
Comp
System

1. IN THE BEGINNING
OMB authorizes a dollar figure for the entire Agency Budget for a given Fiscal Year.

2. The Comptroller's Office then divides this Agency Budget total into two pots, one for personal services dollars and the other for programs.

3. Personal Services consists of Object Classes 11, 12, and 13 and includes funding to pay for items such as salaries, overtime, differentials, allowances, awards, and benefits.

4. SOC 1101 represents monies for full-time salaries, promotions, within-grade increases, and quality step increases. Money is budgeted for and allocated to this SOC by office via the following algorithm:

(Full-Time Permanent Positions (FTE)) X (Average Salary) X 1.01

5. Given this algorithm, the 1101 Agency and Directorate totals are built from the bottom up by adding office figures. Adherence to this formula at the office level ensures that the Agency stays within the one percent growth factor established by OMB.

6. The 1988 FY DA 1101 Budget is derived as shown below. (Note: if our FY '88 requests for new positions are denied or reduced, the FTE figures will be decreased accordingly.)

25X1

Organization	Submitted FY '88 FTE	X	Beg Yr Ave Overall Salary-30 Sept 87	X 1.01 =	FY'88 1101 Budget
OTE					
O/DDA					
COMO					
OIT					
LOG					
SEC					
PERS					
FIN					
OMS					
DA TOTALS-					

25X1

Thus, the DA's estimated FY '88 1101 Budget is
In a similar fashion, budgets for the other directorates can be generated, and the sum of the directorate totals would produce an Agency total.

It is important to note that these budget figures do not provide funding for salary expenses associated with some offices being over their position ceiling. In addition, money is not budgeted in the 1101 SOC for comparability increases. Instead, monies to cover these expenses must be transferred from program funds with the Comptroller's approval.

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7. Once the 1101 pot is defined for a Directorate, the money available in annualized terms to the Directorate for promotions, QSI's, and WGI's can be determined. Two steps need be taken:

(1) Divide each office's 1101 budget by its approved FTE to produce target end of year average salaries for each office.

25X1

OTE
O/DDA
COMO
OIT
LOG
SEC
PERS
FIN
OMS

[redacted]

(2) Then subtract the office's beginning year average salary from its target end of year average salary and multiply the difference by its FTE number. By summing the office totals, a DA pot for promotions, QSI's, and WGI's is produced.

25X1

OTE
O/DDA
COMO
OIT
LOG
SEC
PERS
FIN
OMS
DA Total

[redacted]

25X1

In this particular instance, the DA has [redacted] to spend on Directorate promotions, QSI's, and WGI's for FY '88.

8. Steps 1-7 are tasks to be performed by the Comptroller's Office and are consistent with the movement to centralize budgeting for personal services dollars. If the DD's decide the budget-generated totals for promotions, QSI's and WGI's are too low in comparison to past history, they can consider applying program money, with the Comptroller's approval, and transfer it to the 1101 SOC at the beginning of the fiscal year.

9. Once the Directorate pots of money for permanent salary growth are determined, the DD's then must decide how to allocate these monies. It is recommended that the funds for permanent salary growth be allocated to Heads of Career-Sub Groups.

Two methods of allocating the permanent salary growth funds to Career-Sub Groups are suggested. Method one is easily understandable and simple to apply, but it does not take into consideration the relationship between people salaries and position grades. Method two does factor in this salary/position grade relationship, but in doing so does not differentiate between mismanagement and external factors as causes of variances in this ratio from Career-Sub Group to Career-Sub Group.

10. Method One-Permanent Salary Increases funds would be allocated to Career-Sub Groups based on the product of their positions and average salary as a proportion of the sum of all Career-Sub Group products within the Directorate. For example, this method would produce the following results for the DA in FY '88.

25X1

SD	Positions X Ave Salary-30 Oct =	Product	= Proportion of Total Product
M	[redacted]		
MC			
MF			
MG			
MI			
ML			
MM			
MP			
MS			
MT			
MZ			
DA			

25X1

SD	Proportion X DA Total For PSI's = S-C Groups PSI Funds
M	[redacted]
MC	
MF	
MG	
MI	
ML	
MM	
MP	
MS	
MT	
MZ	
DA	

11. Method Two-An alternative is to take method one a step further by converting each Career-Sub Group's positions to a dollar value and then compare people salaries to position grade values. Positions are converted to a dollar value at the midpoint of their respective grade and schedule.

25X1

SD	Ave Salary-30 Oct / Position Value-30 Oct = Salary/Pos Ratio
M	
MC	
MF	
MG	
MI	
ML	
MM	
MP	
MS	
MT	
MZ	
DA	

The salary and position value information was generated using all GS, SIS, TC, and IS positions and personnel which effectively covers 95+% of the Agency's population. Prevailing rate salaries and positions were excluded.

The resulting Directorate Salary/Position Value Ratio would then be divided by the Sub-Career Group Salary/Position Ratios to produce growth multipliers to be applied to the amounts yielded under method one. For example:

25X1

SD	Dir Ratio/Ser Des Ratio=Growth Multiplier	Method #1$	Method #2$
M			
MC			
MF			
MG			
MI			
ML			
MM			
MP			
MS			
MT			
MZ			

Under this method, $17,951 or roughly one percent of the promotion, QSI, and WGI pot is not automatically allocated due to the formula employed. This remainder, though not much, could be held by the DDA until later in the year and given to the office with the most justified need. The importance of the growth multiplier is that it takes into consideration the relationship between a Sub-Career Group's salaries and position grades. Offices who have "over-promoted" in the past have their average salary growth slowed by reducing it to less than the Agency average of one percent. Correspondingly, offices with salaries well below position values are allowed to have their average salaries grow at a rate that is more than one percent.

12. Once a Career-Sub Group receives its allotment for promotions, QSI's and WGI's, the distribution of this annualized money to people must be carefully planned. This is even more critical in times of overall budget constraints. The analytical tool envisioned to assist a Career-Sub Group Head is the What If Model for Managers or WIMM.

An outline of WIMM is as follows:

Users: Career-Sub Group Heads, Personnel Officers, and/or B&F Officers

Purpose: To assist Career-Sub Group Heads with Salary Distribution Decisions

Timeliness: Data Would Be Updated Bi-Weekly as Payroll is Processed

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Sub-Career Service Permanent Salary Increase Planner

As of 1 October 1987 MP

25X1

	GS-15	14	13	12	11	10	09	08	07	06	05	04	IS-04	03	02	01	Others	TOTALS
Positions																		
People																		
Difference																		
Promos	__	__	__	__	__	__	__	__	__	__	__	__	__	__	__	__	__	__
QSI's	__	__	__	__	__	__	__	__	__	__	__	__	__	__	__	__	__	__

Current Average Salary	$30,194	WGI Costs Remaining	$______
Target Average Salary	$30,445	Funds For Promos and	
Perm Increase Funds Available	$141,591	QSI's	$______

Costs Associated with What If Scenarios	#	$	Resulting Effects on Bottom Line	
WGI's	__	______	New Average Salary	______
Promos	__	______	Perm Inc Funds Spent	______
QSI's	__	______	FY Funds Remaining	______
Totals	__	______		

The WIMM spreadsheet will have the average cost of QSI's, Promotions, and WGI's by grade so it can automatically take beginning of the period data and produce resulting numbers as a What If Planning function.

For control purposes, the value of promotions, QSI's and WGI's will be charged at the incremental change in annual base salary.

End Result: Career-Sub Group Heads can see in advance the results of permanent salary increase decisions so that the distribution of these monies can be done most effectively.